

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 1794 - SB 1983

March 25, 2014

SUMMARY OF BILL: Removes Class C misdemeanor penalty for carrying a firearm for persons not prohibited by law from carrying or possessing a firearm. Increases the penalty, from a Class C misdemeanor to a Class B misdemeanor, for a first offense for any person that carries a firearm when such person is prohibited by law from carrying or possessing a firearm; and from a Class B misdemeanor to a Class A misdemeanor, for any second and subsequent offenses. Adds language requiring a fine up to a maximum of \$5,000, for persons convicted of a Class A misdemeanor for carrying a firearm when prohibited by law from carrying or possessing a firearm, when the carrying or possessing of the firearm occurred at a place open to the public where one or more persons were present.

ESTIMATED FISCAL IMPACT:

On March 24, 2014, a corrected fiscal note was issued for this bill with the following estimated fiscal impact:

(CORRECTED)

NOT SIGNIFICANT

On March 25, 2014, the Department of Safety provided corrected support information for the bill. Based on this new information, the estimated fiscal impact for the bill has been corrected as follows:

(CORRECTED)

Decrease State Revenue –

\$2,231,400/Department of Safety/FY14-15 and Subsequent Years

\$201,600/TBI/FY14-15 and Subsequent Years

Decrease State Expenditures –

\$1,625,000/Department of Safety/FY14-15 and Subsequent Years

Decrease Local Revenue –

\$201,600/FY14-15 and Subsequent Years

Other Fiscal Impact – Some secondary economic impacts may occur as a result of this bill; however, any such secondary economic impacts are dependent upon several unknown factors and cannot be reasonably quantified.

HB 1794 - SB 1983 (CORRECTED)

Corrected Assumptions:

- According to DOS, an estimated 53,760 new handgun carry permit applications and 87,120 handgun carry permit renewals are processed each year.
- The fee for a new handgun carry permit is \$115.
- From every new permit fee paid, \$15 is allocated to the applicable sheriff's department; \$15 is allocated to the Tennessee Bureau of Investigation (TBI) for conducting background checks; and the remaining \$85 is retained by the Handgun Carry Permit Division of the DOS.
- The renewal fee for a handgun carry permit is \$50.
- One hundred percent of renewal fee revenue is retained by the Handgun Carry Permit Division of the DOS.
- Based on information provided by DOS, this bill is expected to result in a 25 percent reduction in new handgun carry permit applications and a 25 percent reduction in handgun carry permit renewals as individuals, who would otherwise obtain or renew handgun carry permits under current law, elect to openly carry handguns under the provisions of this bill as amended.
- The recurring decrease in state revenue to DOS is estimated to be \$2,231,400 $[(53,760 \times 25\% \times \$85 \text{ DOS portion of new fee}) + (87,120 \times 25\% \times \$50 \text{ renewal fee})]$.
- The recurring decrease in state revenue to TBI is estimated to be \$201,600 $(53,760 \times 25\% \times \$15 \text{ TBI portion of new fee})$.
- The recurring decrease in local revenue is estimated to be \$201,600 $(53,760 \times 25\% \times \$15 \text{ local portion of new fee})$.
- Budgeted expenditures for the Handgun Carry Permit Division are approximately \$6,500,000 for FY13-14 based on anticipated fee revenue.
- DOS estimates that administrative expenditures for the Handgun Carry Permit Division could be reduced by one-quarter (25 percent), or approximately \$1,625,000 each year, as a result of issuing 25 percent less permits and renewals. Therefore, the recurring decrease in state expenditures for DOS beginning in FY14-15 is estimated to be \$1,625,000.
- Based on information provided by the Administrative Office of the Courts, any net change in the number of cases occurring as a result of this bill is considered not significant.
- Based on the Fiscal Review Committee's 2008 study of incarceration costs and fines, collection of fines for misdemeanor offenses is negligible. There will not be a significant increase in revenue as a result of the proposed penalty changes for these specified offenses.
- There could be some secondary economic impacts occur as a result of this bill such as increased sales for handguns, ammunition, and accessories, as well as reductions in handgun carry permit classes. However, any such secondary economic impact cannot be reasonably quantified.
- The proposed subsection (a)(2)(C) makes statutory reference to subsection (a)(1)(A) which deals with offenses committed with knives and clubs. For the purpose of this fiscal note, it is assumed the proposed subsection (a)(2)(C) intended to reference

subsection (a)(1)(B) which deals with offenses committed with firearms, rather than subsection (a)(1)(A).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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